

## § 611.360

voting stockholder of an agricultural credit bank has only one vote, unless another voting scheme has been approved by the Farm Credit Administration.

(b) If an association apportions its territory into geographic regions for director nomination or election purposes, out-of-territory voting stockholders must be assigned to a geographic region.

(c) All voting stockholders of a Farm Credit institution have the right to vote in any stockholder vote to remove any director.

[75 FR 18742, Apr. 12, 2010]

### § 611.360 Advisory votes.

(a) Each Farm Credit bank and association must establish and maintain written policies and procedures to implement advisory votes. Advisory votes must be held in accordance with the policies and procedures, which, at a minimum, must:

(1) Establish the timing, manner, and notice of the vote.

(i) Votes held due to a 15-percent or more increase in compensation must occur within 12 months after the fiscal year end in which the increase occurred.

(ii) Votes may be conducted in-person, by proxy, by mail, or any combination thereof.

(iii) If the vote will be held in connection with an annual meeting or director elections, notice of the advisory vote must be part of the Annual Meeting Information Statement, pursuant to § 620.21(d) of this chapter.

(2) If an association, explain the process for petitioning for an advisory vote. Associations must allow stockholders to petition for advisory votes on senior officer compensation under § 611.410.

(3) If a Farm Credit bank that allows stockholders to petition for advisory votes, explain the process for petitioning for an advisory vote.

(b) Advisory votes are subject to the requirements of § 611.340 and the provisions of section 4.20 of the Act (12 U.S.C. 2208).

(c) Advisory votes must be cast using a “one-member, one-vote” voting scheme and are not subject to the provisions in § 615.5230 of this chapter re-

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garding weighted, cumulative, and other voting schemes.

(d) Each Farm Credit bank and association must make the disclosures required by § 620.5(a)(11) of this chapter for advisory votes held during the annual reporting period.

[77 FR 60596, Oct. 3, 2012]

### Subpart D—Compensation Practices of Farm Credit Banks and Associations

#### § 611.400 Compensation of bank board members.

(a) Farm Credit banks are authorized to pay fair and reasonable compensation to directors for services performed in an official capacity at a rate not to exceed the level established in section 4.21 of the Farm Credit Act of 1971, as amended, unless the FCA determines that such a level adversely affects the safety and soundness of the institution.

(b) The bank director compensation level established in section 4.21 of the Act shall be adjusted to reflect changes in the Consumer Price Index (CPI) for all urban consumers, as published by the Bureau of Labor Statistics, in the following manner: Current year's maximum compensation = Prior year's maximum compensation adjusted by the prior year's annual average percent change in the CPI for all urban consumers. Adjustments will be made to the bank director statutory compensation limit beginning from October 28, 1992 (the date of enactment of the Farm Credit Banks and Associations Safety and Soundness Act of 1992). Additionally, each year the FCA will communicate the CPI adjusted bank director statutory compensation limit.

(c)(1) A Farm Credit bank is authorized to pay a director up to 30 percent more than the statutory compensation limit in exceptional circumstances where the director contributes extraordinary time and effort in the service of the bank and its shareholders.

(2) Banks must document the exceptional circumstances justifying additional director compensation. The documentation must describe:

(i) The exceptional circumstances justifying the additional director compensation, including the extraordinary

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time and effort the director devoted to bank business; and

(ii) The amount and the terms and conditions of the additional director compensation.

(d) Each bank board shall adopt a written policy regarding compensation of bank directors. The policy shall address, at a minimum, the following areas:

(1) The activities or functions for which attendance is necessary and appropriate and may be compensated, except that a Farm Credit bank shall not compensate any director for rendering services on behalf of any other Farm Credit System institution or a cooperative of which the director is a member, or for performing other assignments of a non-official nature;

(2) The methodology for determining each director's rate of compensation; and

(3) The exceptional circumstances under which the board would pay additional compensation for any of its directors as authorized by paragraph (c) of this section.

(e) Directors may also be reimbursed for reasonable travel, subsistence, and other related expenses in accordance with the bank's policy.

[59 FR 37411, July 22, 1994, as amended at 64 FR 16618, Apr. 6, 1999; 65 FR 8023, Feb. 17, 2000; 77 FR 60596, Oct. 3, 2012]

### §611.410 Advisory votes on senior officer compensation.

(a) Farm Credit banks and associations must hold advisory votes on the compensation for all senior officers meeting the definition of §619.9310 of this chapter and the requirements of paragraphs (b) and (c) of this section. Stockholders must be allowed to cast an advisory vote on the compensation of the chief executive officer that is separate from the advisory vote on other senior officer compensation. Advisory votes on compensation must be held in accordance with the policies and procedures established under §611.360.

(b) If compensation, as reported in the most recent annual report, for either the chief executive officer or the aggregate senior officer group increased 15 percent or more from the previous reporting period, the Farm

Credit bank or association must hold an advisory vote.

(1) All compensation reported in the Compensation Table of the annual report (or the annual meeting information statement), except changes in pension benefits value reported under §620.6(c)(3)(iii)(D) of this chapter, must be included in the calculation to determine if an increase of 15 percent or more occurred in reported compensation amounts.

(2) Compensation of employees reported in the Compensation Table of the annual report (or the annual meeting information statement) pursuant to §620.6(c)(2)(i) of this chapter may be excluded when determining if an increase of 15 percent or more occurred.

(3) No advisory vote is required if the 15 percent or more increase in compensation is solely because of a change during the reporting period in the senior officers included in the aggregate or the chief executive officer.

(c) Each association must hold an advisory vote on senior officer compensation when 5 percent of the voting stockholders petition for the vote.

(1) Stockholders may petition for an advisory vote on the compensation of the chief executive officer, the aggregate senior officer group, or both.

(2) Employees reported in the Compensation Table of the annual report (or the annual meeting information statement) pursuant to §620.6(c)(2)(i) of this chapter may be excluded when holding a vote by petition.

(3) The association must disclose the petition authority in the annual report to shareholders pursuant to §620.6(c)(6) of this chapter.

[77 FR 60596, Oct. 3, 2012]

## Subpart E—Transfer of Authorities

SOURCE: 53 FR 50393, Dec. 15, 1988, unless otherwise noted.

### §611.500 General.

Each Farm Credit Bank or Agricultural Credit Bank is authorized, in accordance with section 7.6 of the Act, to transfer certain authorities to Federal